

CITY OF HUNTINGTON PARK
Oversight Board Agenda Report

May 14, 2014

Honorable Chair and Members of the Oversight Board
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Members of the Oversight Board to the Community Development
Commission of the City of Huntington Park:

AMENDMENT TO LONG RANGE PROPERTY MANAGEMENT PLAN

IT IS RECOMMENDED THAT THE OVERSIGHT BOARD:

Adopt a resolution amending the Long Range Property Management Plan for disposition of properties owned by the Successor Agency.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

As required by AB 1484 the Agency completed its Long Range Property Management Plan ("Plan") for disposition of four properties owned by the former Redevelopment Agency (Attachment A):

1. Heritage Plaza
2. Rugby Avenue Parking Lots
3. Carmelita Property
4. Southland Steel Property

The Plan was subsequently presented and approved on the following dates:

1. Successor Agency Approval – June 3, 2013
2. Oversight Board Approval – June 11, 2013
3. DOF Approval – August 29, 2013

At the time the LRPM Plan was presented and approved by the Oversight Board and the DOF, the estimated value for Property #2 (Rugby Avenue Parking Lots) was estimated at \$630,000. On November 8, 2013, the Agency conducted an updated appraisal study to reflect the following restrictions on the property:

1. Requirement to maintain all free public parking spaces per Resolution No. 2013-38 approved by City Council on July 15, 2013 (Attachment B)
2. Grant Deed restriction on one parcel, which requires that one of the two parcels revert back to the City on January 1, 2082 (Attachment C)

After considering these restrictions the appraisal study valued the property at \$65,000. Attached is a copy of the appraisal report (Exhibit D). In order to proceed with the sale of the property, the Successor Agency and Oversight Board must amend the Plan to reflect the updated property value.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The guidelines under AB 1484 outline a 5-step process for the disposition of properties:

1. Due Diligence Reviews (“DDRs”)
 - a. Completed – November 12, 2012 (Housing Funds) and January 8, 2013 (Non-Housing Funds)
2. Remit all cash assets to the County-Auditor Controller and taxing entities
 - a. Completed – No cash available to remit
3. DOF issues a Finding of Completion
 - a. Completed – issued on April 12, 2013
4. Develop and Approve LRPM Plan
 - a. Successor Agency Approval – June 3, 2013
 - b. Oversight Board Approval – June 11, 2013
 - c. DOF Approval – August 29, 2013
5. Dispose of real estate assets in accordance with LRPM Plan

CONCLUSION

The Plan will be submitted to the DOF for final approval.

Respectfully submitted,



JULIO MORALES
Finance Director

**Inventory of Property
City of Huntington Park Successor Agency**

	Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Carmelita Site	Southland Steel
2	Property Type	Commercial	Parking Lot - 41 spaces	Residential and vacant land	Industrial building & Vacant lot
3	Permissible Use	Commercial/Residential	Commercial/Residential	Residential up to 20 du/acre	Commercial
4	Acquisition Date	5/3/1972	6/12/1982	4/13/2011	3/22/2005
5	Value at Time of Purchase	Not available	Not Available	\$2,420,000	\$5,430,000
6	Estimated Current Value <i>value per square foot</i>	\$17,000	\$65,000 \$3	\$1,515,000 \$19	\$4,735,000 Manufacturing ("as if clean") \$20
7	Value Basis	Appraised	Appraised	Appraised	Appraised
8	Date of Estimated Current Value	2/28/2013	11/8/2013	2/28/2013	1/11/2013
9	Proposed Sale Value	TBD	TBD	\$1,515,000	TBD
10	Proposed Sale Date	To be determined	To be determined	To be determined	To be determined
11	Acquisiton Purpose	Commercial	Public parking lots	Residential development	Auto dealership and/or commercial development
12	Address	6325 Pacific Blvd	7116 Rugby Avenue	6126 Bear Avenue 6100-6114 Carmelita Ave 3806-3828 61st Street	5959-6169 South Alameda
13	APN #	6320-031-022	6322-023-901 6322-023-904	6318-028-900 6318-029-900	6009-033-900 6009-033-901 6009-034-900 6009-034-901 6009-033-902
14	Lot Size	7,500 sq ft/0.17 ac	21,428 sq. ft/0.49 ac	80,855 sq. ft/1.86 ac	236,690 sq ft/5.43 ac
15	Current Zoning	Central Business District/ Residential	Central Business District/ Residential	High Density Residential Max units 20 du/ac	Commercial
16	Estimate of Income/Revenue	\$100/year	\$0	\$0	\$7,768/month

Inventory of Property
City of Huntington Park Successor Agency

Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Southland Steel	Carmelita Site
Contractual requirements for use of income/revenue	Property improved with a 2-story commercial building. Ground Lease Agreement with Building owner. 55-year lease expires in year 2058. Agency proposes to negotiate the sale of the property with the lease holder	None	Agreement with Alexander BMW to lease approximately 1.5 acres for inventory storage and employee parking. Agency proposes to sell property "as-is" condition and utilize proceeds from sale to pay a \$3.4 million arbitrage liability obligation	Proceeds of the sale must be used to pay existing RDA Bond
History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	None	None	Brownsfield site - Various environmental reports have been conducted which found soil and underground water contamination	None
Description of property's potential for transit oriented development	High potential for TOD. Property is located within the City's downtown and in proximity to public transportation	High potential for TOD. Property is located within the City's downtown and in proximity to public transportation	None. Use of property is limited due to its environmental conditions	None
Advancement of planning objectives of the successor agency				
History of previous development proposals and activity	Property has been used as public parking lots since their purchase	Property has been used as public parking lots since their purchase	Auto dealership and commercial development	Agency had an Exclusive Negotiating Agreement with private developer to build residential units. Agreement expired on Sept. 2011

Key Property Characteristics		Economic Revenue & Rent	Land Use/Purpose
1 Property Name	7 Acquisiton Date	17 Purpose for which property was acquired	
2 Property Type	8 Value at time of purchase	18 Permissable Use	
3 Address	9 Estimated Curent Value	19 Permissable Use Detail	
4 APN #	10 Value Basis	History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	
5 Lot size	11 Date of Estimated Current Value	21 Description of property's potential for transit oriented development	
6 Current Zoning	12 Proposed sale value	22 Advancement of planning objectives of the successor agency	
	13 Proposed sale date	23 History of previous development proposals and activity	
	14 Estimate of Current Parcel Value		
	15 Estimate of Income/Revenue		
	Contractual requirements for use 16 income/revenue		

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3 ATTEST:

4 STATE OF CALIFORNIA)
5 COUNTY OF LOS ANGELES) SS
6 CITY OF HUNTINGTON PARK)

7 I, Rocio Martinez, Acting City Clerk of the City of Huntington Park, California, do hereby
8 certify that the whole number of members of the City Council of said City is five; that the
9 foregoing Resolution, being Resolution No. 2013-38 was duly passed and adopted by the City
10 Council of the City of Huntington Park, approved and signed by the Mayor of said City, and
11 attested to by the Acting City Clerk of said City, all at a regular meeting of the City Council held
12 on the 15th day of July, 2013, and that the same was so passed and adopted by the following vote,
13 to wit:

14 AYES: Council Members – Amezcuita, Perez, Macias, Gomez

15 NOES: Council Members – None

16 ABSENT: Council Members – Hernandez

17 ABSTAIN: Council Members – None
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21 _____
22 Acting City Clerk
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REVISED
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SCALE 1" = 80'

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SATURN

RUGBY

AVE.

HUNTINGTON PARK

M. B. 3-91

TRACT NO. 459

M. B. 15-31

FOR PREV. ASSMT. SEE: 1987-23

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

CODE 585

All 900 series parcels on this page are assessed to Huntington Park Redevelopment Agency, unless otherwise noted.

RECORDING REQUESTED BY

FIRST NATIONAL TITLE CO.

82

32552

AND WHEN RECORDED MAIL TO

Huntington Park Redevelopment Agency
6550 Miles Avenue
Huntington Park, Ca. 90255
Attention: James G. Funk
Executive Director

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CA

JAN 12 1982 AT 8 A.M.

Recorder's Office

FREE B

MAIL TAX STATEMENTS TO

NO TAX STATEMENT

FREE RECORDING REQUESTED: Essential to acquisition
by Huntington Park Redevelopment Agency
See Government Code Section 6103.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

TO 1921 CA 112 741

THIS FORM FURNISHED BY TICOR TITLE INSURERS

A.P.N. 6322-023-901

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ None

() computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

() Unincorporated area: (X) City of Huntington Park, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged.

CITY OF HUNTINGTON PARK
municipal

a corporation organized under the laws of the State of California

hereby GRANTS to

HUNTINGTON PARK REDEVELOPMENT AGENCY, A public body corporate and politic,

the following described real property in the City of Huntington Park
County of Los Angeles, State of California:

The South 50 feet of Lot 10 and the North 50 feet of Lot 11,
Block 51, of Huntington Park Tract, as per map recorded in
Book 3, Page 91 of Maps, in the office of the County Recorder
of said County.

This deed is made upon the express condition that the above-
described real property, and all improvements thereon, shall
revert to the City of Huntington Park, a municipal corporation,
on January 1, 2082, and the signature of the Grantee is affixed
hereto to acknowledge its consent and agreement to said right of
reversion of said City, as Grantor.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instru-
ment to be executed by its Mayor President and City Clerk Secretary
thereunto duly authorized.

Dated: January 4 1981

CITY OF HUNTINGTON PARK

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On January 4 1981, before me, the under-
signed, a Notary Public in and for said State, personally appeared
Herbert A. Hennes, Jr., known

to me to be the Mayor, known to me to be
Marilyn A. Boyette

City Clerk of the Corporation that executed the
within instrument, known to me to be the persons who executed the
within instrument on behalf of the Corporation, and acknowledged to me that such Corporation executed the within instru-
ment pursuant to a resolution of its Board of Directors
City Council

WITNESS my hand and official seal.

Signature LaVerne N. Jones
LAVERNE N JONES

By Herbert A. Hennes, Jr. Mayor

By Marilyn A. Boyette City Clerk

HUNTINGTON PARK REDEVELOPMENT AGENCY

By _____



(This area for official notarial seal)

Title Order No. 22901-2

Escrow or Loan No. _____

MAIL TAX STATEMENTS AS DIRECTED ABOVE

6322-23-501

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY THAT THE INTEREST IN REAL PROPERTY CONVEYED
BY THE DEED OR GRANT DATED January 4, 1982
FROM: CITY OF HUNTINGTON PARK, a municipal corporation

TO THE CITY OF HUNTINGTON PARK REDEVELOPMENT AGENCY, IS HEREIN
ACCEPTED BY ORDER OF THE REDEVELOPMENT AGENCY ON January 4, 1982
AND THE GRANTEE CONSENTS TO RECORDATION THEREOF BY ITS DULY
AUTHORIZED OFFICERS.

DATED: January 4, 1982

BY:

James G. Funk
Executive Director of the
Huntington Park Redevelopment
Agency

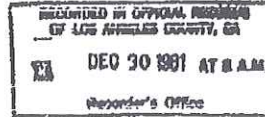
82- 32852

6322-023-904

ORIGINAL

Record No. 6322-23-11
A.P. No. 6322-23-11
Project: CBD
Title Order: 22508 First National Title

81-1274389
81-1274389



RECORDING REQUESTED BY:

When RECORDED MAIL TO:

HUNTINGTON PARK REDEVELOPMENT AGENCY
6550 Miles Avenue
Huntington Park, CA 90255

FREE RECORDING REQUESTED - Pertaining
to acquisition by Huntington Park
Redevelopment Agency - Gov't Code 6103

GRANT DEED

DOCUMENTARY STAMPS: NONE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

MANUEL C. MARTINEZ and CONCHA MARTINEZ

FREE T

hereby grant to the HUNTINGTON PARK REDEVELOPMENT AGENCY, a public body,
corporate and politic, the following described real property in the City
of Huntington Park, County of Los Angeles, State of California:

Lot 12 and the South 7.15 of Lot 11, in Block 51 of the Huntington Park
Tract, as per map recorded in Book 3, page 91 of Maps, in the office of the
County Recorder of said County;

EXCEPTING THEREFROM the South 14.30 feet of said Lot 12.

ALSO EXCEPTING and reserving to the Grantor herein, his heirs and assigns,
all oil, oil rights, natural gas, natural gas rights, and other hydrocarbons,
by whatever name known, and all other minerals and mineral rights,
whether or not similar to those herein mentioned, below a depth of five
hundred (500) feet; provided that Grantor shall not have the right of
surface entry to drill, mine, explore or otherwise operate upon, in or
through the land herein conveyed in the exercise of the herein excepted
and reserved rights.

It is understood and agreed that the property conveyed by the Grant Deed
includes all fixtures and equipment which are, either generally or for
purposes of acquisition by Grantee, a part of the real property described
above, specifically including but limited to the list of improvements
pertaining to the Realty (fixtures and equipment) attached hereto as
Exhibit "A" and incorporated herein as a part of this Grant Deed.

Grantor, for himself, his heirs, representatives and assigns, covenant
and warrants that: (1) Grantor is the sole owner of the itemized
improvements pertaining to the Realty conveyed by this Grant Deed free
from all liens and encumbrances, and (2) Grantor will defend the title
and quiet enjoyment of the real property described above, including
improvements pertaining to the Realty, against all demands and claims
of all persons.

Dated: December 7, 1981

Manuel C. Martinez

Concha Martinez

6322-23-11

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

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On December 7, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared MANUEL G. MARTINEZ and CONCHA MARTINEZ, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same

Witness my hand and official seal.

Signature: H. E. Nickerson

H. E. Nickerson



OWNERS: Manuel G. Martinez and Concha Martinez
ADDRESS: 7116 Romy Avenue, Huntington Park, CA

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY THAT THE INTEREST IN REAL PROPERTY CONVEYED BY THE DEED OR GRANT DATED DECEMBER 7, 1981 FROM MANUEL G. MARTINEZ AND CONCHA MARTINEZ TO THE HUNTINGTON PARK REDEVELOPMENT AGENCY, IS HEREBY ACCEPTED BY ORDER OF THE REDEVELOPMENT AGENCY ON DECEMBER 7, 1981, AND THE GRANTEE CONSENTS TO THE RECORDATION THEREOF BY ITS DULY AUTHORIZED OFFICERS

DATED December 7, 1981

BY: James G. Funk
Executive Director of the
Huntington Park Redevelopment
Agency

81-1274389

OWNERS: Manuel G. Martinez and Concha Martinez
ADDRESS: 7116 Rugby Avenue, Huntington Park, California

IMPROVEMENTS PERTAINING TO THE REALTY

Loc 7,500 square feet of asphalt paving

24 Concrete parking bumpers

EXHIBIT "A"

81- 1274389

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED



November 8, 2013

3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CA 90807-4503
TELEPHONE (562) 426-0477
FACSIMILE (562) 988-2927

Michael Estrada, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Subject: Update Appraisal Study
Parking Lot Parcels
7116 Rugby Avenue
Huntington Park, California

Dear Mr. Estrada:

In accordance with your request and authorization, I have personally completed and update appraisal study of the above-referenced property as of a current date. The update appraisal study included (1) an inspection of the subject property, (2) a review of market data in the immediate and general subject market area, and (3) a valuation analysis.

The subject property is located on the east side of Rugby Avenue, beginning 186.35 feet north of Florence Avenue, within the corporate limits of the City of Huntington Park. The site has an inside location, a square land configuration, generally level topography, and contains 22,500 square feet of land area. The subject property is located in the District C-Neighborhood sub-district of the Downtown Specific Plan. District C is a Mixed Use commercial/residential zone district. The site consists of two parcels improved with an asphalt paved public parking lot, containing 59 marked automobile parking spaces.

Further, per information provided by the City of Huntington Park, it is understood that the subject property is encumbered with an effective public parking development restriction and that the subject site would require the replacement of the 59 existing free public parking spaces, to be maintained by the property owner, prior to any new development of the site.

Michael Estrada, Esq.
Richards, Watson & Gershon
November 8, 2013
Page 2

The purpose of this appraisal report is to express an estimate of the fair market value of the subject property. After considering the various factors which influence value, the market value of the subject property, as encumbered with the effective public parking development restriction, as of November 1, 2013, is:

SIXTY-FIVE THOUSAND DOLLARS
\$65,000.

This document complies with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(c), for a restricted appraisal report. The full extent of the appraisal process will not be apparent to the reader in the contents of this report. The data and valuation analysis contained in our office file and data base are incorporated herein by reference. Responsibility is not assumed for the unauthorized use of this document which is intended exclusively for the client; it is not intended for distribution to, or use by, third parties.

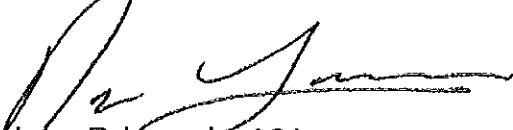
Intended Use and User:

It is understood that the appraisal will be utilized by the City of Huntington for the establishment of the fair market value of the subject property for the possible disposition thereof.

Refer to the Assumptions and Limiting Conditions, along with the appraiser's certification in the Addenda Section. This appraisal report is submitted in triplicate. If you have any questions regarding this report, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.



John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

JPL:ll

RESTRICTED APPRAISAL REPORT

**R. P. LAURAIN
& ASSOCIATES**
APPRAISERS - ANALYSTS

RESTRICTED APPRAISAL REPORT



View looking northeasterly at the subject property from Rugby Avenue.

Apparent Vestee

City of Huntington Park

Property Address:

7116 Rugby Avenue
Huntington Park, California 90255

Assessor's Parcel No:

6322-023-901, 904

Legal Description:

The South 50 feet of Lot 10, all of Lot 11, and the North 42.85 feet of Lot 12, Block 51, Huntington Park, per Map recorded in Book 3, Page 91 of Maps, in the office of the County Recorder, County of Los Angeles, California. A complete metes and bounds legal description was not provided for review.

RESTRICTED APPRAISAL REPORT (Continued)

Ownership History:

Per Los Angeles County Assessor records, the subject parcels have apparently been vested with the City of Huntington Park (or prior Redevelopment Agency of the City of Huntington Park), for more than 20 years. Due to the date of acquisition, the purchase price is not considered relevant to the current market value.

Subject Land:

The subject property is located on the east side of Rugby Avenue, beginning 186.35 feet north of Florence Avenue, within the corporate limits of the City of Huntington Park. The site has an inside location, a square land configuration, generally level topography, and contains 22,500 square feet of land area. The subject property is located in the District C-Neighborhood sub-district of the Downtown Specific Plan. District C is a Mixed Use commercial/residential zone district. The site consists of two parcels improved with an asphalt paved parking lot, containing 59 marked automobile parking spaces. The reader is referred to the plat map on the following page.

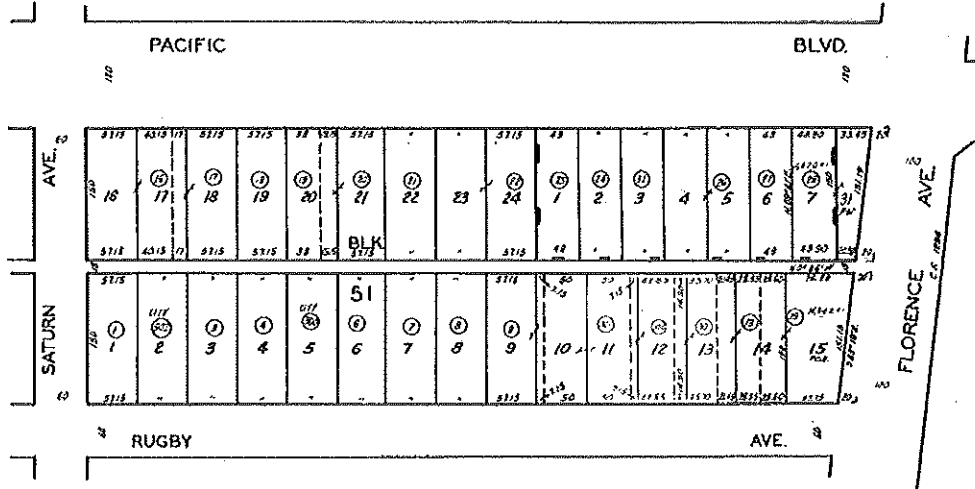
Further, per information provided to the appraiser, it is understood that there is an effective development restriction which applies to public parking lots in the City of Huntington Park. Council Resolution No. 2013-38 states *"Any new development on an existing public parking site/lot must maintain the same number of public parking spaces. This requirement maybe waived or modified by the City Council on a case-by-case basis if the development is deemed to provide significant economic benefit to the City."*

The foregoing Resolution applies to all public parking lots in the City of Huntington Park. Note that there are approximately 17 public parking lots in located in the Downtown Pacific Boulevard corridor, inclusive of the subject public parking lot, containing a total of 1,276± free public parking spaces. As stated, the subject property contains 59 marked automobile parking spaces.

Based on the foregoing, the subject site would require the replacement of the existing free public parking spaces, to be maintained by the property owner, prior to any new development of the site. Note that, in addition to the 59 public parking spaces, any new development would also need to meet the on-site parking requirements for a new development of one space per 400 square feet of gross floor area.

APN: 6322-023-901, 904

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SCALE 1" = 80' 2004



RESTRICTED APPRAISAL REPORT (Continued)

Subject Improvements:

As stated, the subject property is improved with an asphalt paved public parking lot containing 57 standard automobile parking spaces and two handicapped parking spaces. Other on site improvements include asphalt paving, concrete wheel stops, and pole signs.

Highest and Best Use:

Highest and best use is that reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and produces maximum profitability (highest value).

Based upon (1) tenant demand exhibited at other properties in the immediate and general subject market area, (2) commercial and residential uses in the immediate and general subject area, and (3) legally permissible and financially feasible uses, the maximally productive use, and therefore, the highest and best use of the subject property, **absent the current public parking restriction**, would be high density mixed use residential/commercial development in accordance with the existing zoning. It will be demonstrated, however, that it is not financially feasible to construct a parking structure on-site to replace the existing public parking spaces, as required under Resolution No. 2013-38. As such, the highest and best use of the subject property is speculative purchase/investment until such time as (1) it is financially feasible to construct an on-site parking structure, and/or (2) speculation that the site could be joined with an adjacent property at some point in the future in order to provide adequate land area for a new development capable of supporting 59 on-site public parking spaces and/or which would be "*deemed to provide significant economic benefit to the City.*" The subject land has been appraised accordingly.

Valuation Methods:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. Inasmuch as the subject property has been appraised as an effectively vacant land parcel, the Sales Comparison Approach is the only valuation method applicable as a reliable indicator of land value. The Income Capitalization Approach and Cost-Summation Approach are not relevant in the subject valuation study.

RESTRICTED APPRAISAL REPORT (Continued)

Sales Comparison Approach:

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of commercial land sales having sold within the immediate and general subject market area. Detailed information is on file pertaining to each of the sale properties.

Following is a summary of those sales considered helpful when estimating the value of the subject land, as vacant and available for a highest and best use development:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
2	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
3	2-12	C2	5,080 sf	no	no	\$ 80,000	\$15.75
	1427 E. Florence Ave., Los Angeles						
4	12-12	C4	7,995 sf	no	yes	\$ 130,000	\$16.26
	6244 Florence Ave., Bell Gardens						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	1-13	R3	11,550 sf	no	no	\$ 177,500	\$15.37
	6619 Flora Ave., Bell						
7	3-13	CP/CG	22,500 sf	no	yes	\$ 600,000	\$26.67
	6348 Seville Ave., Huntington Park						
8	6-13	C2-1VL	5,625 sf	yes	no	\$ 160,000	\$28.44
	5601 S. Broadway, Los Angeles						

Due to the relatively stable commercial market from the latter portion of 2009 through the present time, an adjustment for market conditions is not warranted for any of the sale properties.

After viewing all of the sale properties, a review was made of the various elements of comparability. Some of those elements include, but are not limited to, the following:

RESTRICTED APPRAISAL REPORT (Continued)

Sales Comparison Approach: (Continued)

General location.	Topography.
Land size.	Land configuration/utility.
Corner location/access.	Best use/zoning.
Assemblage.	Demolition/clearing.
Site prominence.	Plans/entitlements.

A detailed analysis pertaining to the various sale properties, inclusive of the qualitative adjustments applied for the various elements of comparability, are retained in our office file. An array was developed summarizing the overall comparability and adjusted unit rate per square foot of land area for the various sale properties, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Rate Per SF</u>
2	superior	\$38.39
1	superior	\$33.24
8	slightly superior	\$28.44
Subject	---	\$28.00
7	slightly inferior	\$26.67
5	inferior	\$24.43
4	inferior	\$16.26
3	inferior	\$15.75
6	inferior	\$15.37

Based on the land value study and valuation analysis contained in our office file, the unit rate applicable to the subject property, **before consideration of the effective public parking development restriction**, is estimated at \$28.00 per square foot of land area, as follows:

$$22,500 \text{ SF} \times \$28.00 = \$630,000.$$

Development Restriction Discount:

A study was conducted based on the cost to develop an on-site parking structure to (1) replace the existing public parking spaces, and (2) provided adequate land area for development of a portion of the site. Note that a

RESTRICTED APPRAISAL REPORT (Continued)

Development Restriction Discount: (Continued)

parking structure would need to be sufficient to replace the 59 public parking spaces, plus any additional parking spaces for a new development. Based on a review of parking structure development costs, a low-average quality parking structure is estimated at \$19,000 per parking space, or \$1,121,000, to replace the existing public parking (59 spaces x \$19,000 per space). It can be noted that the cost to construct a parking structure (\$1,121,000) exceeds the value of the underlying land (\$630,000) and, therefore, it is not deemed financially feasible to develop the subject site at the present time.

As such, the highest and best use of the subject property is speculative purchase to (1) hold for future appreciation until such time as it is financially feasible to develop an on-site parking structure, or (2) speculation that the site could be joined with an adjacent property at some point in the future in order to provide adequate land area for a new development capable of supporting 59 on-site public parking spaces.

A discount study has been conducted based on certain assumptions regarding the appreciation of the underlying land value and appreciation in construction costs. Assuming a land appreciation rate of 3% to 4% per year, and a construction cost appreciation of approximately 1% to 2% per year, a net appreciation differential of approximately 2% has been utilized in the discount study.

In addition, an overall speculative yield (discount) rate of 10% is deemed appropriate given the long term holding period and speculative nature of the investment in the underlying land.

Based on net appreciation benefit of approximately 2% per year (differential between the appreciation factor to the underlying land less the appreciation factor pertinent to construction costs), and a discount rate of 10%, a holding period of approximately 30 years would be required, prior to the financially feasible development of the site.

The appreciation factor, based on a 2% annual rate, for 30 years, is 1.811362. The discount factor based on a 10% yield rate, for 30 years, is 0.57309. Based on the foregoing, and the unencumbered fee simple value of the underlying land of \$630,000, the indicated "as-is" value of the subject property, as encumbered with the effective public parking development restriction, is adjusted to \$65,000, as follows:

RESTRICTED APPRAISAL REPORT (Continued)

Development Restriction Discount: (Continued)

As-Is Value, as encumbered with public parking restriction:

$\$630,000 \times 1.811362 \times 0.057309 =$ \$65,399.

Adjusted: \$65,000

Final Estimate of Value:

Based on the foregoing, and the valuation analysis contained in our office file, the market value of the subject property, **as encumbered with the effective public parking development restriction**, as of November 1, 2013, is estimated at \$65,000.

Marketing Exposure:

The marketing exposure of a property is the direct function of supply and demand within a particular market segment. Based on interviews with real estate brokers familiar with the subject market area, and considering the speculative nature of any future development of the subject site, the marketing exposure estimated for the subject property, assuming an aggressive and comprehensive marketing program, is approximately 18 to 36 months.

ADDENDA

ADDENDA

Market Value Definition:

The definition of market value as recognized by federal financing institutions is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby, (1) the buyer and seller are typically motivated, (2) both parties are well informed or well advised, and acting in what they consider their best interests, (3) a reasonable time is allowed for exposure in the open market, (4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto, and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Assumptions and Limiting Conditions:

The subject appraisal study has been completed with the following understanding as set forth in items No. 1 through 14, inclusive:

1. That this restricted appraisal report has been prepared per the request of the client in lieu of a formal narrative appraisal report. This restricted report is intended to comply with the reporting requirements set forth, in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(c). This report incorporates, by reference, the data and valuation analysis contained in our office files, and data base. The information contained in this restricted report is specific to the needs of the client for the sole use of the client; the appraiser is not responsible for the unauthorized use of this report. The full extent of the appraisal process will not be apparent to the reader in the contents of this report. This report does not constitute a formal self-contained or summary appraisal report, and should not be construed as such.

ADDENDA (Continued)

Assumptions and Limiting Conditions: (Continued)

2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The vesting was obtained from County Records, or other sources, and has been relied upon as being accurate. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraiser assumes no responsibility for such conditions or for the engineering which might be required to discover such conditions. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report, topographical mapping, or survey of the subject property was provided to the appraiser; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in the office files and/or this report pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraiser.
5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no opinion is expressed regarding matters which are legal in nature or other matters which would require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the file notes and/or this report.

ADDENDA (Continued)

Assumptions and Limiting Conditions: (Continued)

7. That no oil rights have been included in the opinion of value expressed herein. Further, that oil rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
8. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.
9. That the appraiser has conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the properties, and/or (3) governmental restrictions and regulations, which would increase or decrease the value of the subject property, the appraiser reserves the right to amend the final estimate of value.
10. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
11. That drawings, plats, maps, and other exhibits contained in our file, which may be utilized in a formal narrative appraisal report, if authorized, are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
12. That this report is effective only when considered in its entire form, as a summary of findings based upon the data and valuation analysis in our office files. No portion of this report or file data will be considered binding if taken out of context.
13. That possession of this restricted appraisal report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of Ronald P. Laurain, particularly with regard to the value of the property appraised and the identity of the

ADDENDA (Continued)

Assumptions and Limiting Conditions: (Continued)

appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.

14. That the subject appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

Certification:

The undersigned certifies that:

I have personally inspected the subject property; I have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

My engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a predetermined or stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions are based, are true and correct.

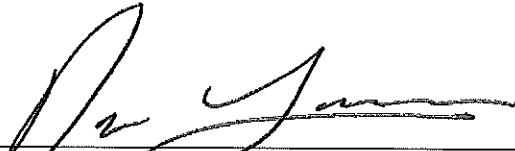
This restricted appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The analyses, opinions, and conclusions, were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and Code of Professional Ethics. As of this date, I have completed the requirements of the Continuing Education Program of the State of California; note that duly authorized representatives of the State of California have the right to review this report.

ADDENDA (Continued)

Certification: (Continued)

No one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. I have appraised the subject property within the last three years.

A handwritten signature in black ink, appearing to read 'John P. Laurain', written over a horizontal line.

John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date April 16, 2015

Dated: November 8, 2013

Colantuono, Highsmith & Whatley, PC

300 S. Grand Avenue, Suite 2700

Los Angeles, CA 90071-3137

Main: (213) 542-5700

FAX: (213) 542-5710

WWW.CHWLAW.US

MEMORANDUM

TO: Chair Elba Guerrero and Members of
Huntington Park Oversight Board

FILE NO: 38009.0002

FROM: [Teresa L. Highsmith, General Counsel](#)

DATE: May 5, 2014

CC: Julio Morales, Finance Director

RE: Disposition Procedure for Sale of Real Property per Long Range Property
Management Plan

Staff has advised me that a concern has been raised by an individual that the method of disposition for property listed on the Successor Agency's Long Range Property Management Plan (LRPMP) should be confined to a sealed bid process. The LRPMP was previously approved by the Oversight Board and was approved by the Department of Finance on August 29, 2013.

The method of disposition of property by a Successor Agency is governed by Health & Safety Code Section 34191.5. Under this provision, the Successor Agency prepares the LRPMP for review and approval of both the Oversight Board and the state of California Department of Finance. The LRPMP governs the use and disposition of any property owned by the Successor Agency. For property identified under the LRPMP for sale (with the proceeds to be distributed to the taxing entities or otherwise used to pay approved enforceable obligations), there is no requirement to use any particular procedure for the sale of the property. The intent of AB 1484, however, is to dispose of all property held by the Successor Agency "expeditiously and in a manner aimed at maximizing value." (See H&S Sec. 34181(a)).

May 5, 2014

Page 2

The LRPMP approved by the Oversight Board and the state Department of Finance contained specific reference to the use of a commercial broker, Jones, Lange, LaSalle, in order to expedite the disposal and maximize value. Specifically, the LRPMP states that “Jones, Lange LaSalle will assist the Agency, analyzing opportunities for the sale and development of each property, identifying potential buyer(s) and assisting in analysis *and negotiating offers*. [emphasis added]. The LRPMP did not require a sealed bid process, nor is such a process required under the post-redevelopment legislation. The LRPMP is a public document and can be reviewed on the Department of Finance website at

http://www.dof.ca.gov/redevelopment/long_range_property_management/LRPMP_C Plans/ and clicking on “Huntington Park” (in alphabetical order). Alternatively, the City Clerk can provide a hard copy of this document in response to a Public Records Act request.

Once the Successor Agency accepts the offer to purchase, further Oversight Board approval is required (in the form of a Resolution) for the sale of a property by the Successor Agency. Thereafter, the approval is submitted to the Department of Finance for further review and approval (or the waiver of further review) before the sale may be consummated.

RESOLUTION NO. OSB 14-03

**RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY
DEVELOPMENT COMMISSION OF THE CITY OF HUNTINGTON PARK
AMENDMENING TO THE LONG RANGE PROPERTY MANAGEMENT PLAN**

WHEREAS, California Health and Safety Code section 34179.5 (the "Act") provides that the Successor Agency of the former Community Development Commission of the City of Huntington Park (the "Successor Agency") is required to prepare a Long Range Property Management Plan (the "Plan") that addresses the disposition and use of real properties of the former redevelopment agency; and

WHEREAS, section 34179.5 of the Act also requires the Successor Agency to submit the Plan to the Oversight Board of the Successor Agency of the former Community Development Commission of the City of Huntington Park (the "Oversight Board") and the Department of Finance, and required regulatory agencies, not later than six months following the issuance to the Successor Agency of the finding of completion; and

WHEREAS, the Successor Agency receiving its finding of completion from the Department of Finance on April 12, 2013; and

WHEREAS, at its regularly scheduled meeting on June 3, 2013, the Successor Agency Board approved the Plan; and

WHEREAS, at its regularly scheduled meeting on June 12, 2013, the Oversight Board approved the final draft of the Plan, directed staff to make final corrections as to the zoning designation of the Southland Steel property and approved the Plan;

WHEREAS, the Plan governs the disposition by sale of four properties owned by the Successor Agency:

- 1) Heritage Plaza (6325 Pacific Boulevard)

1 2) Rugby Avenue Parking Lots (6116 Rugby Avenue)

2 3) Carmelita Avenue property (6100-6114 Carmelita Avenue/6126 Bear
3 Avenue/3806-3828 61st Street)

4 4) Southland Steel (5959-6169 South Alameda Street)

5
6 WHEREAS, the Rugby Avenue Parking Lots (7116 Rugby Avenue) was appraised
7 at a value of \$630,000 for "an absolute fee...without any limitations or restrictions" in the
8 initial March 4, 2013 appraisal of R.P. Laurain & Associates; and
9

10 WHEREAS, on July 15, 2013, the City of Huntington Park, in its regulatory capacity,
11 adopted City Council Resolution 2013-38 requiring that any new development on an
12 existing parking site/lot must maintain the same number of parking spaces; and

13 WHEREAS, on August 29, 2013, the Department of Finance approved the
14 Long Range Property Management Plan; and
15

16 WHEREAS, on November 8, 2013, the appraisal of the Rugby Avenue Parking Lots
17 (7116 Rugby Avenue) was updated to reflect both the City of Huntington Park regulatory
18 action through City Council Resolution No. 2013-38 and the reversionary clause in favor of
19 the City of Huntington Park within the deed to the former Huntington Park Redevelopment
20 Agency, resulting in a revised appraisal in the amount of \$65,000; and

21 WHEREAS, on May, 5, 2014, the Successor Agency approved an amendment to
22 the Long Range Property Management Plan reflecting the updated appraised value of the
23 Rugby Avenue Parking Lots (7116 Rugby Avenue) as \$65,000.
24

25 NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE
26 SUCCESSOR AGENCY OF THE FORMER COMMUNITY DEVELOPMENT
27 COMMISSION OF THE CITY OF HUNTINGTON PARK, AS FOLLOWS:
28

1 A. The Oversight Board finds that:

2 1. The recitals above are true and correct and have been incorporated herein by
3 reference.

4
5 2. Approval of the Long Range Property Management Plan or an amendment
6 thereto is exempt from the California Environmental Quality Act ("CEQA") under Section
7 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed amendments
8 will not cause a significant adverse physical change to the environment either directly or
9 indirectly.

10 B. The Oversight Board hereby APPROVES the amendment to the Long Range
11 Property Management Plan updating the appraised value of the Rugby Avenue Parking
12 Lots (7116 Rugby Avenue) at \$65,000; in all other respects the Long Range Property
13 Management Plan dated June 12, 2013 remains unchanged.

14
15 C. The Oversight Board hereby AUTHORIZES electronic transmission of this
16 Resolution and the amendment to the Long Range Property Management Plan to the
17 Department of Finance and other required regulatory agencies.

18
19 D. The Oversight Board hereby AUTHORIZES the Executive Director for the
20 Successor Agency, or the Executive Director's designee, to take such action as necessary
21 for the disposal of the Rugby Avenue Parking Lots (7116 Rugby Avenue), as specified in
22 the amended Long Range Property Plan, upon receipt of, and compliance with, the final
23 approval by the Department of Finance.

24 PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the
25 former Redevelopment Agency of the City of Huntington Park at a meeting held this 14th
26 day of May, 2014, by the following vote to wit:

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AYES:

NOES:

ABSENT:

ATTEST:

OVERSIGHT BOARD:

Estevan Padilla, Deputy Clerk
Los Angeles County Board of Supervisors
Acting as Secretary to the Huntington Park
Oversight Board

Chair Elba Guerrero